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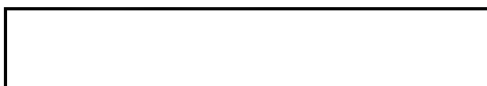
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State Department review completed

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Philippines-Taiwan: Manila wants to buy small-arms ammunition. (Page 9)

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Philippines-Taiwan: The Philippine undersecretary of defense has been pressing Chinese Nationalist officials to sell a substantial quantity of small-arms ammunition since he arrived unexpectedly in Taipei on 16 October.

This effort appears to be one designed by President Marcos, primarily to counter domestic opposition charges that he is neglecting the nation's defense needs--particularly by exclusive reliance on the US--at a time of crisis over Sabah. According to the Chinese Nationalist vice minister of foreign affairs, however, the Philippine envoy is taking the line that the request has nothing to do with Manila's dispute with Malaysia and that the ammunition is needed for police operations against crime, piracy, and Huk insurgency. Actually the Philippines has sizable reserve stocks.

Prior to this mission to Taipei, Marcos discussed his plan to purchase ammunition from Taipei with the US Embassy. Both Manila and Taipei understand that the sale of ammunition manufactured with US military aid equipment would require US approval. Although the Chinese Nationalists have indicated to US officials that they would like to make this sale, they are wary of being drawn into the Sabah dispute if the sale should become public, and have delayed responding to the Philippine request by citing the need to consult the US.

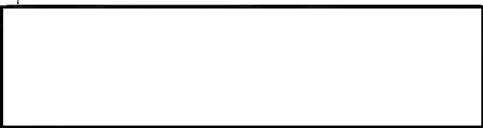
Indeed, the Marcos administration almost certainly would seek to portray affirmative action by the US and Nationalist China on this request as at least tacit support for the Philippine stand on Sabah.

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